World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup

WR 28-84

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

The CANADIAN WHEAT BOARD has announced a 1.4-million-ton wheat sale to China for shipment beginning August 1984. A sale at this time of year is not unusual as Canadian new crop supplies become available in August. However, this sale is well below the 2.1 million tons sold to China last year at this time and the 2.5 million tons sold by this point in 1982. China may be purchasing smaller quantities due to record 1983 grain production and reports of subsequent storage and transportation problems. The Chinese-Canadian grain agreement stipulates 3.5 million-4.2 million tons of grain trade annually (August-July). Canada exported 4.4 million tons of wheat to China in August-July 1982/83, and is expected to export the minimum 3.5 million in 1983/84.

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In ALGERIA, a 1984/85 wheat production estimate of 1.1 million tons (up 36 percent from last year's drought-affected harvest) and lower expected domestic consumption indicates less need for imported wheat. Total imports are now forecast at 2.65 million tons, down from earlier estimates of 3.0 million. U.S. exports of wheat to Algeria, earlier forecast at 1.0 million tons, also are likely to be adversely affected.

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In the EUROPEAN COMMUNITY (EC), prefixation of corn import levies resumed this past week. Since prefixed levies were suspended in April 1984, U.S. corn exports to the EC have totaled about 185,000 tons, compared with 630,000 during the previous three-month period and 1 million during the same period a year ago. The resumption of prefixation may bring EC demand for U.S. corn back to more normal levels. The United States is expected to supply over one-half of the EC's corn imports of approximately 4.0 million tons in 1984/85.

DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN COMMUNITY COMMISSION has lowered its export restitution for whole frozen broilers to all destinations from 16.00 ECUs per 100 kilograms to 13 ECUs per 100 kilograms (from about $128 per ton to $104 per ton at the current exchange rate). This is due to some strengthening of prices for broilers on the world market, particularly those from Brazil, the EC's major competitor.

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The EUROPEAN COMMUNITY COMMISSION recently spelled out the actual amount of the levy to be paid on milk in excess of an annual quota under its new milk program. Until now, these amounts have been referred to in terms of either 75 or 100 percent of the target price. The actual levies are as follows:

Quota system	ECU/100kg	$/cwt
Farm level (75 percent of target)	20.57	7.46
Dairy plant level (100 percent of target)	27.43	9.95

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AUSTRALIA's Meat and Livestock Corporation (AMLC) is anticipating a dramatic decline in exports of beef to South Korea. AMLC estimates Australian exports to South Korea to be in the low 20,000-ton range (less than half of the 1983 figure). This report reaffirms earlier indications including information presented by Australia at the quarterly consultations on beef imports to the United States and reports from Korea. Pressure from domestic producers and the Korean government to consume less expensive pork is causing the decline in South Korean beef imports.

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Because of SINGAPORE's decision to abolish swine and poultry production, numerous potential exporters are attempting to fill this void. An Indonesian-Singapore private interest consortium is planning to set up a pig farming business that could supply about one-third of Singapore's annual pork consumption needs. Major suppliers of live pigs for slaughter to Singapore have been Thailand and Malaysia. The U.S. agricultural trade officer in Singapore indicates that U.S. pork could compete favorably in this market if actively promoted. The United States provided 727 tons of fresh, chilled, frozen or preserved pork and pork products in 1983, valued at roughly $1.4 million, and about 23,000 tons of whole and cut up chickens with a value of $25.8 million.

WOOD AND WOOD PRODUCTS

MALAYSIA is in danger of seriously depleting its forest resources. Total forested area is currently estimated at 20.2 million hectares (6.2 million in peninsular Malaysia, 9.4 million in Sarawak and 4.6 million in Sabah). The logging rate in peninsular Malaysia is approximately 200,000 hectares annually. At this rate, the peninsula is expected to run out of commercial forest land in about 12 years. The rate is much higher in Sarawak and Sabah, where the forest products sector is the mainstay of the economy.

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The Federal Forestry Department reports that Malaysia will still deplete its exportable timber supplies before the end of the century, even if the present timber harvest were substantially reduced through restricted cutting, curtailment of slash-and-burn agriculture and fewer conversions of land to oil palm, cocoa and rubber production. Minimal reforestation has taken place in Malaysia. The cost is viewed as prohibitive given the time span (over 50 years) required to produce a stand of tropical hardwood trees.

The continuing expansion in harvesting and milling, depicted by the estimates below, support the government's concern with respect to the depletion of future timber supplies.

Malaysia: Production of Forest Products
(1,000 cubic meters)

	1981	1982	1983	1984 1/
Roundwood	30,317	32,482	33,300	33,730
Tropical hardwood logs	30,210	32,402	33,200	33,620
Tropical hardwood lumber	5,564	6,289	6,872	6,990
Tropical hardwood veneer	618	604	757	850
Tropical hardwood plywood	569	599	707	650

1/ Preliminary.

Selected International Prices

Item	July 10, 1984		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	194.00	5.28	-6.00	206.00
U.S. No. 2 DNS/NS: 14%....	184.50	5.02	0	185.00
U.S. No. 2 S.R.W. 9/......	152.50	4.15	+.50	149.00
U.S. No. 3 H.A.D..........	184.00	5.01	+3.00	193.00
Canadian No. 1 A: Durum...	189.00	5.14	-3.00	205.00
Feed grains:				
U.S. No. 3 Yellow Corn....	159.00	4.04	-1.00	151.00
Soybeans and meal:				
U.S. No. 2 Yellow.........	278.00	7.58	-9.50	256.00
Brazil 47/48% SoyaPellets	183.00	--	+1.00	226.00
U.S. 44% Soybean Meal.....	187.00	--	-1.00	219.00
U.S. FARM PRICES 3/				
Wheat.....................	121.98	3.32	-1.10	125.65
Barley....................	86.35	1.88	-5.05	76.70
Corn......................	129.53	3.29	-2.36	123.23
Sorghum...................	110.89	5.03	-2.20	108.44
Broilers 4/...............	1359.80	--	-7.28	1173.07
EC IMPORT LEVIES				
Wheat 5/..................	83.35	2.27	-1.35	100.35
Barley....................	70.00	1.52	-2.95	97.00
Corn......................	49.15	1.25	+.80	71.15
Sorghum...................	75.95	1.93	-3.25	86.85
Broilers 4/ 6/ 8/.........	161.00	--	-2.00	276.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	173.40	4.72	-2.05	177.15
Bread wheat (min. quality)7/	188.55	5.13	-2.25	194.30
Barley and all other feed grains.......	173.40	--	-2.05	177.15
Broilers 4/ 6/............	1148.00	--	+1.00	1140.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	11.10	.30	-1.65	26.10
Barley....................	19.65	.43	--	55.80
Broilers 4/ 6/ 8/.........	103.00	--	-1.00	198.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. 9/August shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis July delivery.

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